

(over)

WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

DESIGNATE TYPE OF COMPLETION

New Well ☒ Temporary Abandon ☐ Work-Over ☐ Deepen ☐ Plug Back ☐ Same Reservoir ☐ Different Reservoir ☐ Oil ☐ Gas ☐ Dry ☐

DESCRIPTION OF WELL AND LEASE

Operator Gruy Petroleum Management Co.		Address & Phone No. P.O. Box 140907, Irving, TX 75014-0907	
Federal, State or Indian Lease Number or name of lessor if fee lease Santa Fe Goodyear		Well Number 12-11	Field & Reservoir Wildcat
Location 1670' FSL & 1670' FWL		County Apache	
Sec. Township-Range or Block & Survey Section 12-20N-28E			
Date spudded 11-16-04	Date total depth reached 11-18-04	Date completed, ready to produce NA	Elevation (DF, KB, RT or Gr.) 6086' GR feet
Total depth 1025'	P.B.T.D. 1025'	Single, dual, or triple completion? Single	Elevation of casing head flange feet
Producing interval(s) for this completion NA		Rotary tools used (interval) All	Cable tools used (interval)
Was this well directionally drilled? No	Was directional survey made? No	Was copy of directional survey filed?	Date filed
Type of electric or other logs run (check logs filed with the Commission) Gamma Ray Induction, Litho Density Induction			Date filed 12-9-04

CASING RECORD

Casing (report all strings set in well -- conductor, surface, intermediate, producing, etc.)

Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amount pulled
Surface	12 1/4"	8 5/8"	24#	726'	500 sx to surface	
Production	7 7/8"	5 1/2"	15.5#	987'	80 sx TOC 500'	

TUBING RECORD

LINER RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft.)
2 7/8" In.	1009' ft.	ft.	In.	ft.	ft.		

PERFORATION RECORD

ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth interval	Amount & kind of material used	Depth interval
4 SPF	3 1/8" slick gun	998' - 1020'	Treat w 80000 SCF N2	987' - 1025'

INITIAL PRODUCTION

Date of first production		Producing method (indicate if flowing, gas lift or pumping -- if pumping, show size & type of pump)					
Date of test NA	Hours tested	Choke size	Oil prod. during test bbls.	Gas prod. during test MCF	Water prod. during test bbls.	Oil gravity *API	
Tubing pressure	Casing pressure	Calculated rate of production per 24 hrs.	Oil bbls.	Gas MCF	Water bbls.	Gas - oil ratio	

Disposition of gas (state whether vented, used for fuel or sold)

Well record only. Well shut-in pending further evaluation

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

12-09-04

Zeno Farris

Date

Signature

Permit No. 720

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
415 W. Congress, #100
Tucson, AZ 85701

STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Well Completion or Recompletion Report and Well Log

File One Copy

Form No. 4

DETAIL OF FORMATIONS PENETRATED

* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

Attach drillers log or other acceptable log of well.

Form No. 4

PLUGGING RECORD

Operator Gruy Petroleum Management Co.		Address & Phone number P.O. Box 140907 Irving Tx 75014 972-401-3111	
Federal, State, or Indian Lease No. or lessor's name if fee lease Santa Fe Goodyear		Well No. 12-11	Field & Reservoir Wildcat
Location of Well 1670' FSL & 1670' FWL		Sec - Twp - Rge 12-20N-28E	
County Apache			
Application to drill this well was filed in name of Gruy Petroleum Management Co.	Has this well ever produced oil or gas? No	Character of well at completion (initial production) Oil (bbls/day) Gas (MCF/day) Dry? Yes	
Date plugged 8-13-05	Total depth 1025'	Amount well producing when plugged: Oil (bbls/day) Gas (MCF/day) Water (bbls/day)	
Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging	Fluid content of each formation	Depth interval of each formation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount of cement
Shinarump cased hole	None	792' - 904'	5 1/2" CIBP @ 830' Fill csg
Moenkopi cased hole	None	904' - 996'	from 830' to surface & top
Coconino open hole	None	996' - 1025'	off 5 1/2" X 8 5/8" annulus w
			4.0 cubic yds ready mix weld
			1/4" steel ID plate on 8 5/8"

CASING RECORD

Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, etc.)	Packers and shoes
8 5/8"	726'	5'	721'		8 5/8" casing shoe
5 1/2"	987'	5'	982'		5 1/2" casing shoe
Was well filled with heavy drilling mud, according to regulations?				Indicate deepest formation containing fresh water	

NAME AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE

Name	Address	Direction from this well
Dennis Duane Noggle and Ina Rose	31 Meadow Place	NA
Noggle as Trustees of the Noggle	Pagosa Springs, Co 81147	
Family Trust		

In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.

Use reverse side for additional detail

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

9-6-05
Date

Zeno F. Amis
Signature

Permit No. 920

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress, #100
Tucson, AZ 85701-1315

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Plugging Record
Form No. 10
File One Copy

APPLICATION TO PLUG AND ABANDON

FIELD Wildcat
OPERATOR Gruy Petroleum Management Co. ADDRESS & PHONE P. O. Box 140907 Irving Tx 75039 972-401-3111
LEASE NUMBER (Lessor's name if fee) Santa Fe Goodyear WELL NO. 12-11
LOCATION 1670' FSL & 1670' FWL Section 12-20N-28E Apache County Arizona
TYPE OF WELL DRY TOTAL DEPTH 1025'
(Oil, Gas, or Dry)
ALLOWABLE (If Assigned) _____
LAST PRODUCTION TEST OIL _____ (Bbls.) WATER _____ (Bbls.)
GAS _____ (MCF) DATE OF TEST _____
PRODUCING HORIZON _____ PRODUCING FROM _____ TO _____

1. COMPLETE CASING RECORD:

Surface - 8 5/8" set at 726' cemented with 500 sx to surface.
Production - 5 1/2" set at 987' cemented with 80 sx. TOC 500'.
Open Hole from 987' to 1025'

2. FULL DETAILS OF PROPOSED PLAN OF WORK:

Set CIBP @ 800', w 50' cement plug. Load hole with 9.0 PPG mud. Spot 50' plug 3' - 53'.
Cut off well head 3' below ground level, weld on cap, back fill hole, set dry hole marker, and reclaim location.
See attached well bore schematics.

DATE COMMENCING OPERATIONS TBD
NAME OF PERSON DOING WORK Boyde Poole ADDRESS 14113 Smithurst Edmond, OK 73013
Zera Farris
Signature
Manager, Operations Administration
Title
P. O. Box 140907 Irving TX 75014-0907
Address
May 26, 2005
Date

Mail two copies of completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress #100
Tucson, AZ 85701

Date Approved 5-27-05
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

By SL Rains

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Plug and Abandon
File Two copies

Form No. 9

Permit No. 920

2/96

Current Completion

KB: 6092.0'

DF: 6091.0'

GL: 6086.0'

Datum: KB, 6.0' above GL

Santa Fe Goodyear 12-11

Parker Draw Prospect

Jay Callarman 11/15/04

Updated: Vaughn Johnson (5/24/05)

1670' FNL & 1670' FWL

Sec 12 T-20N R-28E

Apache County, Arizona

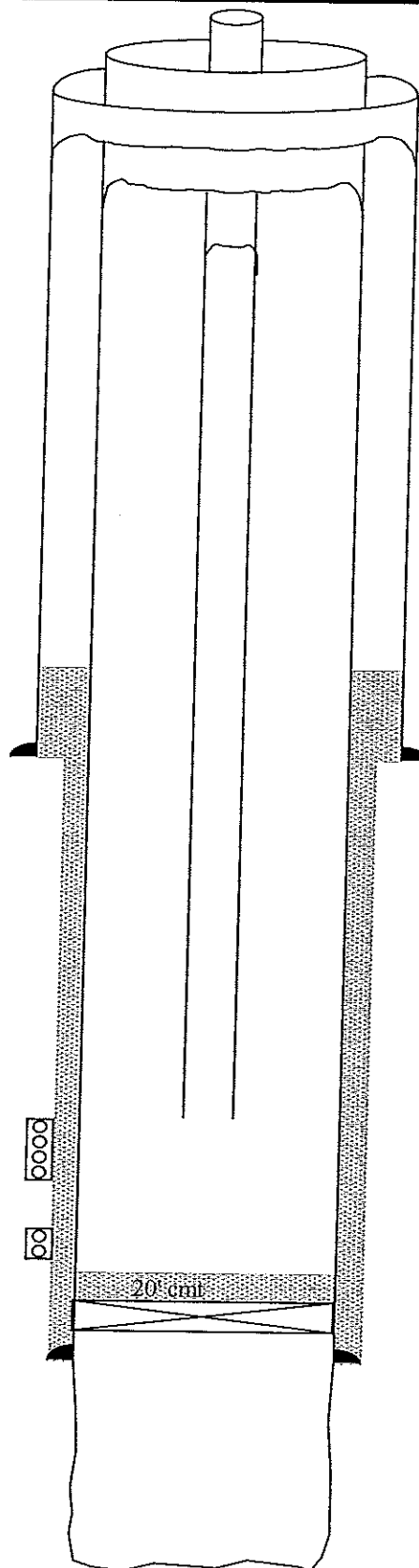
8-5/8" TOC @ surface, circ

5-1/2" TOC +/- @ 500'

Shinarump Perfs:
858-861, 872-874, 878-886

Moenkopi Perfs:
910-940

Coconino Perfs:
987-1025 open hole



2-7/8" 6.5# J55 8rd EUB tbg
SN @ 886'

8-5/8" 24# J55 @ 726'
cmt w/ 500 sx
12-1/4" hole

CIBP at 985' w/ 2 sx cmt

5-1/2" 15.5# J55 @ 987'
cmt w/ 80 sx
7-7/8" hole

TD = 1025'

PROPOSED P&A

KB: 6092.0'
DF: 6091.0'
GL: 6086.0'
Datum: KB, 6.0' above GL

Santa Fe Goodyear 12-11
Parker Draw Prospect

Vaughn Johnson 5/25/2005

1670' FNL & 1670' FWL
Sec 12 T-20N R-28E
Apache County, Arizona

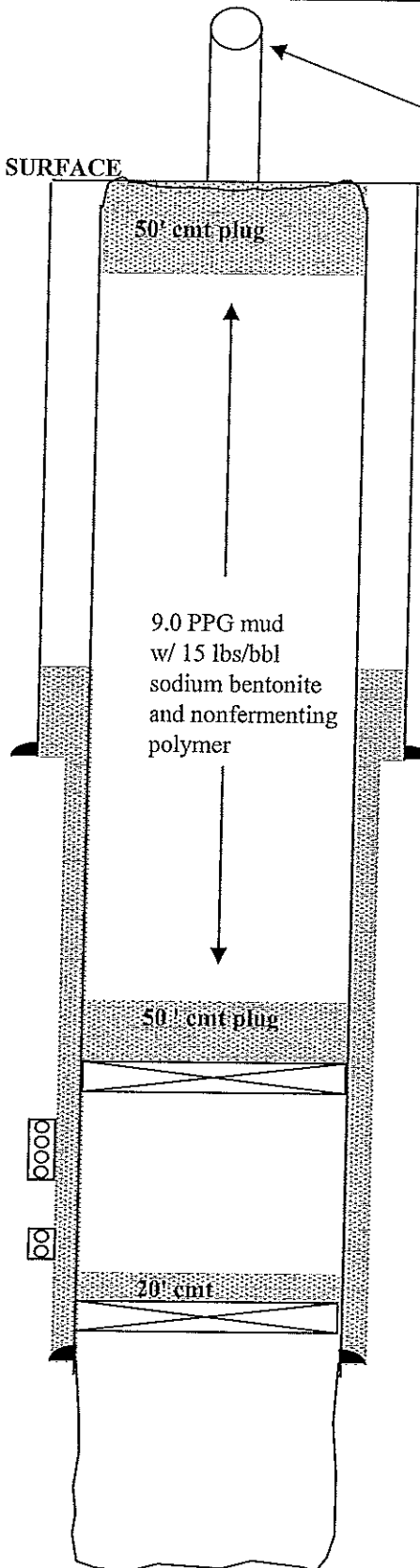
8-5/8" TOC @ surface, circ

SURFACE

Dry hole marker. 4" pipe extending 4'
above ground level. Well location
and identity permanently inscribed on
marker

Proposed: 50' cmt plug at surface

5-1/2" TOC +/- @ 500'



8-5/8" 24# J55 @ 726'
cmt w/ 500 sx
12-1/4" hole

Proposed: CIBP at 800' with a
50' cmt plug above.

Shinarump Perfs:
858-861, 872-874, 878-886

Moenkopi Perfs:
910-940

Coconino Perfs:
987-1025 open hole

CIBP at 985' w/ 2 sx cmt

5-1/2" 15.5# J55 @ 987'
cmt w/ 80 sx
7-7/8" hole

TD = 1025'



2030 AFTON PLACE
FARMINGTON, NM 87401
(505) 325-6622

ANALYSIS NO.: GY240005
CUST. NO.: 33300-10025

WELL/LEASE INFORMATION

COMPANY	GRUY PETROLEUM MGT. CO.	SOURCE	
WELL NAME	GOODYEAR 12-11	PRESSURE	12 PSIG
COUNTY/STATE	APACHE. AZ	SAMPLE TEMP	N/A DEG.F
LOCATION		WELL FLOWING	N/A
FORMATION	SHINARUMP	DATE SAMPLED	11/19/2004
CUST.STN.NO.		SAMPLED BY	BOYDE POOLE

REMARKS: BENZENE = 0.0001% (1 PPM), TOLUENE = 0.0006 (6 PPM);
ETHYLBENZENE = N/D; XYLENE = N/D
SAMPLE TAKEN 12:00 PM

920

FRACTIONAL ANALYSIS

COMPONENT	MOLE %
HELIUM	7.2248
HYDROGEN	0.0010
OXYGEN	0.0470
NITROGEN	92.6082
CARBON DIOXIDE	0.0932
METHANE	0.0133
ETHANE	0.0001
PROPANE	0.0000
I-BUTANE	0.0000
N-BUTANE	0.0000
I-PENTANE	0.0009
N-PENTANE	0.0001
C6	0.0045
C7	0.0052
C8	0.0009
C9 +	0.0008
TOTAL	100.0000

BTU/CU. FT. @ 60 DEG.F AND 14.730 PSIA 0.79
SPECIFIC GRAVITY @ 60 DEG.F 0.9679

CYLINDER NO. 4153
CYLINDER PRESSURE 12 PSIG
DATE RUN 11/21/2004
LAB TECH CHELLE DURBIN

2030 Afton Place • Farmington, NM 87401-1601 • (505) 325-6622 • Fax (505) 326-2555

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroleum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) _____

3. Well Name Santa Fe Goodyear 12-11 API No. 02-001-20324

Location 1670' FSL & 1670' FWL

Sec. 12 Twp. 20N Rge. 28E County Apache , Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐ PULL OR ALTER CASING ☐
 FRACTURE TREAT ☐ DIRECTIONAL DRILL ☐
 SHOOT OR ACIDIZE ☐ PERFORATE CASING ☐
 REPAIR WELL ☐ CHANGE PLANS ☐

(OTHER) _____

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐ WEEKLY PROGRESS ☒
 FRACTURE TREATMENT ☐ REPAIRING WELL ☐
 SHOOTING OR ACIDIZING ☐ ALTER CASING ☐
 ABANDONMENT ☐

(OTHER) _____

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

1-12-05 Set CIBP @ 985 w 35' cement Perf Shinarump from 858' - 886' 4 SPF

1-13-05 Test surface equipment to 3000 # Treat Shinarump perfs from 858' - 886' down 2 7/8" tubing w 80,000 SCF N2 flow back overnight, and through 1-25-05 for analysis.

1-26-05 Shutin for evaluation.

2-5-05 perf 910' - 940' 4 SPF Treat perfs from 910' - 940' down 2 7/8" tubing w 80,000 SCF N2, flowback overnight.

2-6-05 Shutin for evaluation.

8. I hereby certify that the foregoing is true and correct.

Signed

Zeno Farny

Title Manager Operation Admin

Date 2-08-05

Permit No. 920

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
 Sundry Notice and Reports On Wells
 File One Copy

Form No. 25

5/96

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroleum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) _____

3. Well Name Santa Fe Goodyear 12-11 API No. 02-001-20324

Location 1670' FSL & 1670' FWL

Sec. 12 Twp. 20N Rge. 28E County Apache, Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐ PULL OR ALTER CASING ☐
 FRACTURE TREAT ☐ DIRECTIONAL DRILL ☐
 SHOOT OR ACIDIZE ☐ PERFORATE CASING ☐
 REPAIR WELL ☐ CHANGE PLANS ☐

(OTHER) _____

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐ WEEKLY PROGRESS ☒
 FRACTURE TREATMENT ☐ REPAIRING WELL ☐
 SHOOTING OR ACIDIZING ☐ ALTER CASING ☐
 ABANDONMENT ☐

(OTHER) _____

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

11-16-04 - 11-18-04 Spud well ran 24# J-55 8 5/8" casing to 726' cement to surface w 500 sx standard cmt w 2% CC & 1/4# sx flocele circulate 164 sx to pit. WOC 12 Hrs. Test BOP & casing to 850#. Held OK

11-18-04 - Reached TD 1025' 15.5# J-55 5 1/2" casing to 987' cement w 80 sx 50/50 POZ cement w 2% CC & 1/4# sx flocele. Est TOC 500' WOC 12 Hrs. Test BOP & casing to 670#. Held OK

11-21-04 - Perf open hole from 998' to 1020' 4 SPF. Set 6.5# J-55 2 7/8" tubing w/sn set at 1009'. Nipple up wellhead release rig. Shut-in well for pressure monitoring.

12-02-04 - Test surface equipment to 5000#. Treat open hole dwn 2 7/8" tubing w 80000 SCF N2 flow back 17 hrs. Shut-in for further evaluation.

8. I hereby certify that the foregoing is true and correct.

Signed

Zeno Farris

Title Manager Operation Admin

Date 12-08-04

Permit No. 920

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
 Sundry Notice and Reports On Wells
 File One Copy

Form No. 25

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroleum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) _____

3. Well Name Santa Fe Goodyear 12-11 API No. 02-001-20324

Location 1670' FSL & 1670' FWL

Sec. 12 Twp. 20N Rge. 28E County Apache, Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>

(OTHER) _____

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	WEEKLY PROGRESS <input checked="" type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTER CASING <input type="checkbox"/>
	ABANDONMENT <input type="checkbox"/>

(OTHER) _____

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

Plan to set 24# J-55 8 5/8" casing to 730' instead of 9 5/8"

8. I hereby certify that the foregoing is true and correct.

Signed Zeno F. Davis

Title Manager Operation Admin Date 12-08-04

Permit No. 920

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Sundry Notice and Reports On Wells
File One Copy
Form No. 25



PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

To: GRUY PETROLEUM MANAGEMENT CO
(OPERATOR)

to drill a well to be known as

12-11 SANTA FE GOODYEAR
(WELL NAME)

located 1670' FSL & 1670' FWL

Section 12 Township 20N Range 28E, APACHE County, Arizona.

The 640 ACRES of said
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 1 day of OCTOBER, 19 2004.

OIL AND GAS CONSERVATION COMMISSION

By SC Raines
EXECUTIVE DIRECTOR
OIL & GAS ADMINISTRATOR

PERMIT 00820

RECEIPT NO. 3125

A.P.I. NO. 02-001-20324

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR

Gruy Petroleum Management Co. P.O. Box 140907 Irving TX 75014-0907 972-443-6489
Address City State Phone Number

Drilling Contractor

Stewart Brothers Drilling Company

Address P. O. Box 2067, Milan, NM 87021

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor Santa Fe Goodyear	Well number 12-11	Elevation (ground) 6086' GR
Nearest distance from proposed location to property or lease line: 1670' feet	Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: NA feet	
Number of acres in lease 640	Number of wells on lease, including this well, completed in or drilling to this reservoir: 1	
If lease purchased with one or more wells drilled, from whom purchased.	Name	Address
Well location (give footage from section lines) 1670' FSL & 1670' FWL	Section - Township - Range or Block and Survey 12-20N-28E	Dedication per A.A.C. R12-7-104(A)(3) 640
Field and reservoir (If wildcat, so state) Wildcat	County Apache	
Distance in miles and direction from nearest town or post office		
Proposed depth: 1200'	Rotary or cable tools Rotary	Approximate date work will start 10-18-04
Bond status Blanket Amount \$25,000	Organization Report On file Or attached X	Filing Fee of \$25.00 Attached X

Remarks
Drill and evaluate 1200' Coconino test. Upon completion we will request shut-in status pending evaluation of commerciality from this well and additional tests planned.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: Manager Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

API# 02-001-20324

Signature

9-27-04

Date

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress, #100
Tucson, AZ 85701-1315

Permit Number: 920

Approval Date: 10-1-04

Approved By: SC Rainey

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Application to Drill or Re-enter
File Two Copies

Form No. 3

(Complete Reverse Side)

5/96

1. Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
2. A registered professional land surveyor registered in the State of Arizona or approved the Commission shall Show on the plat the location of the well and certify this information in the space provided.
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION
4. Is the Operator the only owner in the dedicated acreage outlined on the plat below ? YES X NO
5. If the answer to the question four is "no," have the interests of all the owners been consolidated by communitization agreement otherwise ? YES NO . If answer is "yes," Type of Consolidation
6. If the answer to question four is "no," list all the owners and their respective interests below:

<p>Owner Gruy Petroleum Management Co.</p>	<p>Land Description : Section 12, T.20 N., R.28 E., GSRBM 1670' FSL and 1670' FWL Santa Fe Goodyear # 12-11 Apache County, AZ elevation: 6086' MSL from GPS</p>
--	---

WGS 84
35° 08' 40.56" N
109° 19' 34.88" W

1670'

1670'

2684'

2686'

N 88° 48' W

N 88° 49' W

N 21° 12' W

N 88° 32' W

N 0° 25' E

N 0° 25' E

0' 330' 660' 990' 1320' 1650' 1980' 2310' 2640' 2000' 500' 1000' 500' 0'

CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Zeno Farris

Name
Zeno Farris

Position
Mgr. Operations Admin.

Company
Gruy Petroleum Management Co.

Date
September 27, 2004

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed : 09 23 '04

Registered Professional Surveyor
Gerald G. Huddleston
Gerald G. Huddleston

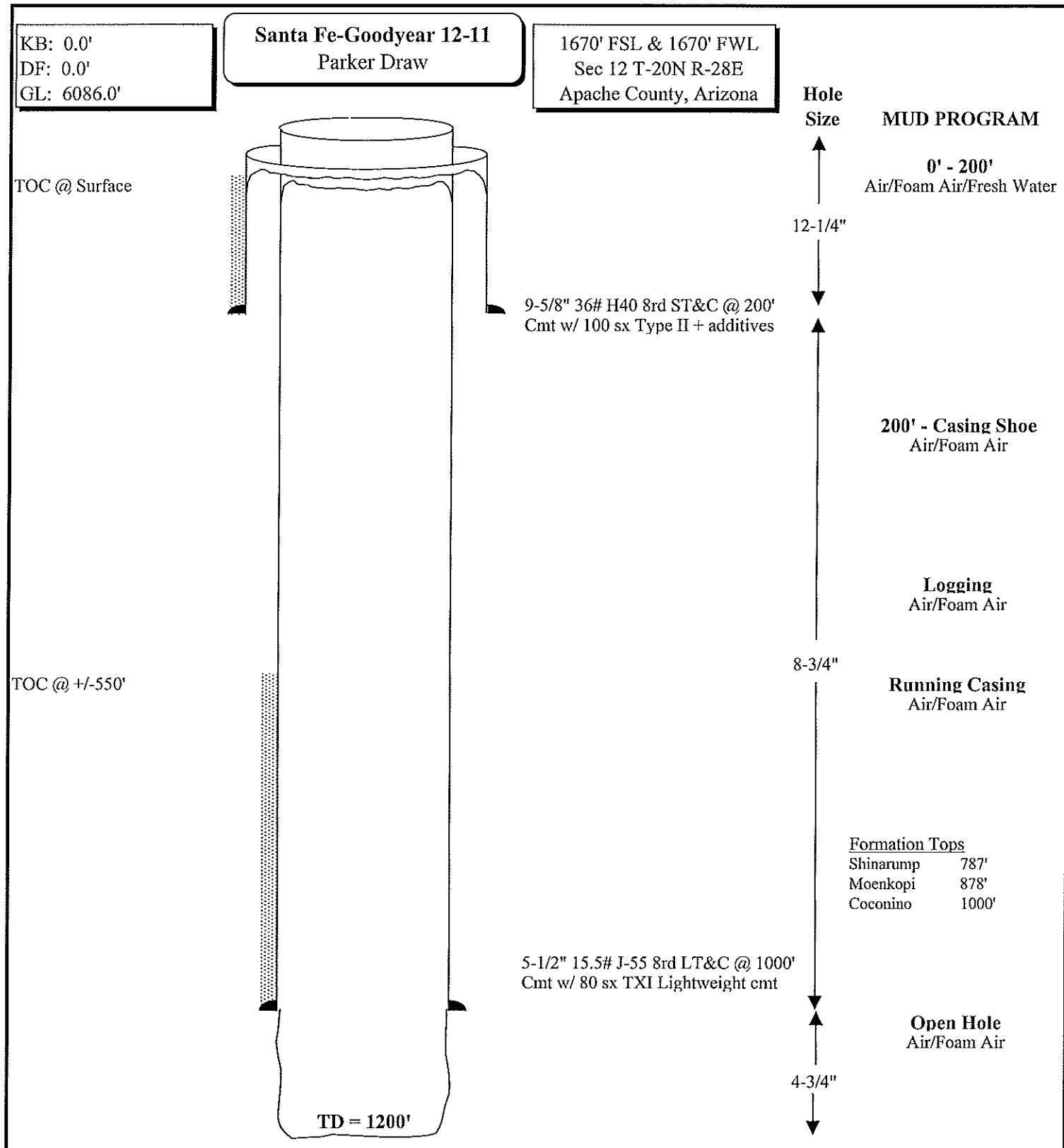
Certificate No. 14668 LS

PROPOSED CASING PROGRAM

Size of casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
9-5/8"	36#	H-40 8 RD	0	200'	Surface	100	Type II + Additives
5-1/2"	15.5#	J-55 8 RD	0	1000'	TOC 550'	80	TXI Light-weight

920

DRILLING PROGNOSIS



Application to Drill

Gruy Petroleum Management Co.
Santa Fe Goodyear 12-11
Unit Letter K Section 12
T20N - R28E Apache County, AZ

920

In response to questions asked under Title 12, Chapter 7, Article 1, the following information is provided for your consideration:

- 1 Location: 1670' FSL & 1670' FWL Sec. 12- 20N 28E
- 2 Elevation above sea level: GR 6086'
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using Foam Air as a circulating medium for solids removal.
- 5 Proposed drilling depth: 1200'
- 6 Estimated tops of geological markers:

Shinarump	787'
Moenkopi	878'
Coconino	1000'
- 7 Possible mineral bearing formation:

Coconino	He
----------	----

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
12 1/4"	0-200'	9 5/8"	36	8-RD	ST&C	H-40
8 3/4"	0-1000'	5 1/2"	15.5	8-RD	ST&C	J-55
4 3/4"	1000-1200'	Open Hole	NA	NA	NA	NA

Application to Drill

Gruy Petroleum Management Co.
Santa Fe Goodyear 12-11
Unit Letter K Section 12
T20N - R28E Apache County, AZ

920

9 Cementing & Setting Depth:

9 5/8"	Surface	Set 200' of 9 5/8" H-40 36# ST&C casing. Cement with 100 Sx. Of Premium Plus cement + additives, circulate cement to surface.
5 1/2"	Production	Set 1000' of 5 1/2" J-55 15.5# ST&C casing. Cement with 100 sx of Lite cement. Estimated TOC 550'

10 Pressure Control Equipment:

A 9 5/8" 3000 PSI working pressure B.O.P. with a 3000 # annular type preventer. A drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the annular preventer will be shut when out of hole during trips. No abnormal pressure or temperature are expected while drilling.

11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 200'	NA	NA	NA	Foam Air
200' - 1000'	NA	NA	NA	Foam Air
1000' - 1200'	NA	NA	NA	Form Air

Application to Drill

Gruy Petroleum Management Co.
Santa Fe Goodyear 12-11
Unit Letter K Section 12
T20N - R28E Apache County, AZ

920

12 Testing, Logging and Coring Program:

- A. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- B. No DST's, or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures or H₂S gas are expected. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 120 PSI, estimated BHT 85.

14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after approval of APD. Anticipated spud date 10-20-04. Drilling expected to take 4 - 7 days. If casing is run additional time will be required to complete and evaluate the commercial status of this well and additional offsets. Taking into consideration deliverability of wells drilled in the test program, and the cost of production facilities. It is anticipated that this evaluation process could take as much as a year.

15 OPERATORS REPRESENTATIVE

Gruy Petroleum Management Co.
P.O. Box 140907
Irving TX 75014
Office Phone: 972-443-6489
Zeno Farris

CERTIFICATION: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Company and/or its contractors/subcontractors, and will be in conformity with this plan and the terms and conditions under which it is approved.

NAME:

Zeno Farris

DATE:

9/27/2004

TITLE:

Manager, Operations Administration

ORGANIZATION REPORT

Full Name of the Company, Organization, or Individual
Gruy Petroleum Management Co.

Mailing Address and Phone Number

P. O. Box 140907, Irving TX 75014-0907

Plan of Organization (State whether organization is a corporation joint stock association, firm or partnership, or individual Corporation)

Purpose of Organization (State type of business in which engaged)

Exploration and production of oil and natural gas.

If a reorganization, give name and address of previous organization

If a foreign corporation give (1) State where incorporated	(2) Name and mailing address of state agent	(3) Date of permit to do business in state
Texas	Corporation Service Company 2388 W. Palm Road, Suite J Phoenix AZ 85201	July 20, 2004
Principal Officers or Partners (if partnership) NAME	TITLE	MAILING ADDRESS
Gary C. Evans	Chief Executive Officer	2100 La Rochelle Flower Mound Tx 75022
Richard R. Frazier	President, Chief Operating Officer	1718 Greentree Ln Duncanville Tx 75137
Chris Tong	Chief Financial Officer, Sr. Vice President	3713 Sandhurst Dr Flower Mound Tx 75022

DIRECTORS NAME

MAILING ADDRESS

CERTIFICATE I, the undersigned, under the penalty of perjury state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Zeno Farris
Signature

September 27, 2004

Date

Mail completed form to
Oil and Gas Program Administrator
Arizona Geological Survey
416 W Congress., #100
Tucson, AZ 85701

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

Organization Report
File One Copy

Form No. 1

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. RLB0007431

That we: Gruy Petroleum Management Co.

of the County of Dallas in the State of Texas

as principal, and RLI Insurance Company

of 8 Greenway Plaza, Suite 400, Houston, TX 77046

AUTHORIZED TO DO BUSINESS WITHIN THE STATE OF ARIZONA

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of \$25,000.00

lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

BLANKET

(May be used as blanket bond or for single well)

NOW THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 13 day of July, 2004.

Gruy Petroleum Management Co.

BY: Richard R. Frazier

Richard R. Frazier Principal President, Chief Operating Officer

WITNESS our hands and seals, this 13 day of July, 2004.

RLI Insurance Company

BY: Paul M. O'Sullivan

Paul M. O'Sullivan, Surety Attorney-in-Fact

(Surety, Resident Arizona Agent
If issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved Date 10-1-04
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

By: SC Raring

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Bond
File Two Copies

Form No. 2

Permit No. _____



RLI Insurance Company | 9025 North Lindbergh Dr.
Peoria, IL 61615-1499 | Ph. (309) 692-1000

RLB0007431

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: PAUL M. O'SULLIVAN

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$25,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

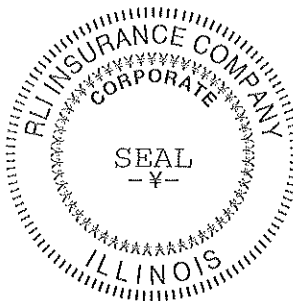
IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT, CEO with its corporate seal affixed this

ATTEST:

Camille J. Hensey

Corporate Secretary

State of Illinois)
County of Peoria) SS



By:

RLI INSURANCE COMPANY

Michael J. Stone

President, CEO

On this 13 day of July, 2004 before me, a Notary Public, personally appeared Michael J. Stone and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President, CEO and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



GRUY PETROLEUM MANAGEMENT
3500 WILLIAM D TATE AVE, STE 200
GRAPEVINE, TX 76051
Tollfree 877-416-4206

COMPASS BANK
LAKE JACKSON, TEXAS

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
ARIZONA GEOLOGICAL SURVEY	37091	09/27/04	22099241	***\$25.00*

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
09-AP-5642	040917	09/17/04	25.00	0.00	25.00
Permit fees					
TOTAL INVOICES PAID					25.00

RECEIPT		Date <u>10-1-2004</u>	No. <u>3125</u>
Received From <u>Gruy Petroleum Management Co.</u>			
Address <u>3500 William D Tate Ave Ste 200 Grapevine TX 76051</u>			
<u>twenty five and no/100</u>		Dollars \$ <u>25.00</u>	
For <u>Filing fee Permit 920</u>			
ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	<u>25.00</u>
BALANCE DUE		MONEY ORDER	
		By <u>SL Raring</u>	

8K806 Rediform

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING

WARNING! VALID CHECK CONTAINS A GREEN PANTOGRAPH & TRUE CHAIN LINK WATERMARK. HOLD AT LIGHT TO VIEW.

GRUY PETROLEUM MANAGEMENT CO.

3500 WILLIAM D TATE AVE, STE 200
GRAPEVINE, TX 76051
Tollfree 877-416-4206

COMPASS BANK
LAKE JACKSON, TEXAS

35-2232
1131

CHECK No.

22099241

PAY TO THE ORDER OF
EXACTLY **\$25.00**

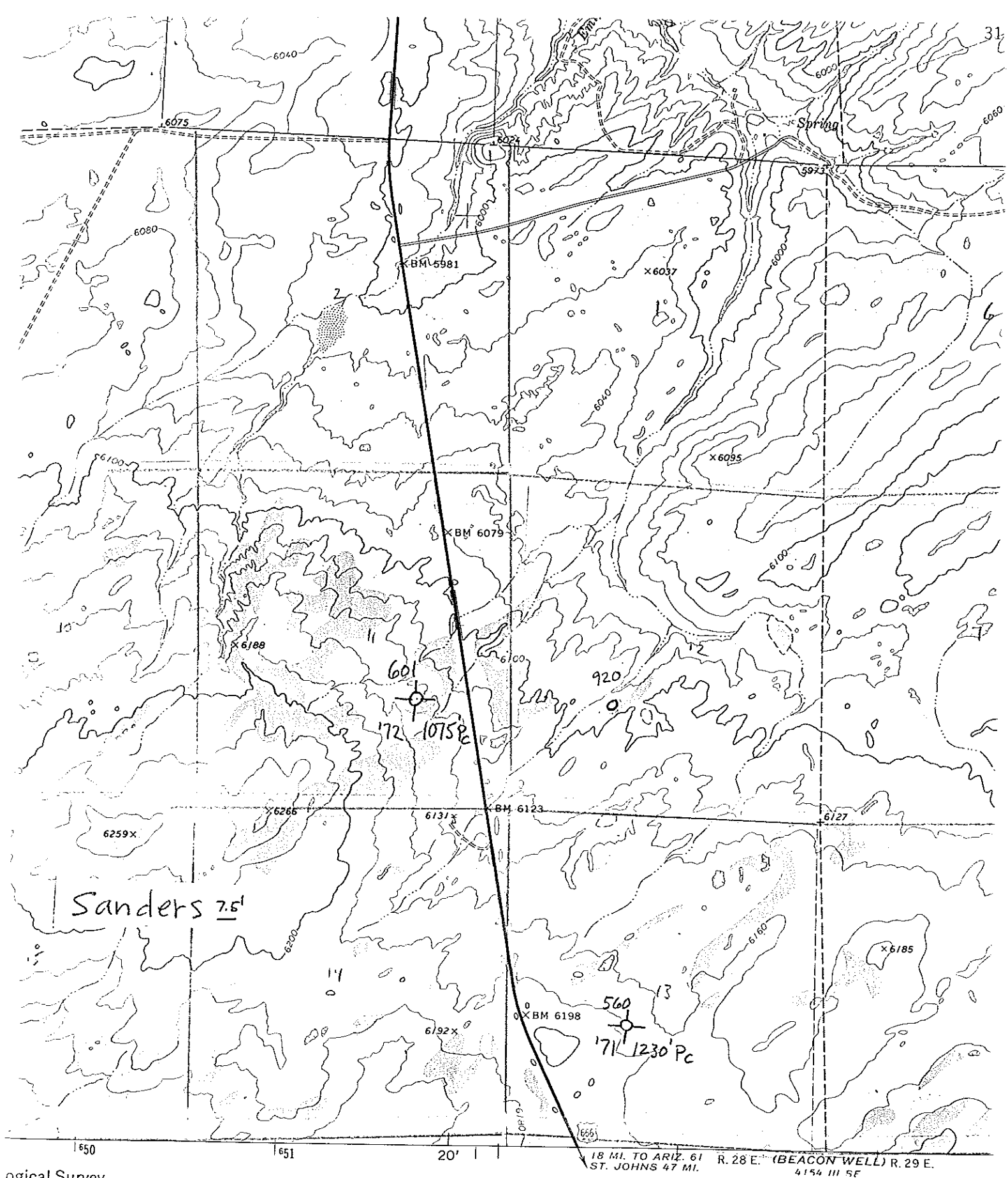
CHECK NUMBER	CHECK DATE	PAY EXACTLY
22099241	09/27/04	***\$25.00*

TO
THE
ORDER
OF

ARIZONA GEOLOGICAL SURVEY
416 W CONGRESS STE 100
TUCSON, AZ 85701

By [Signature]

0022099241 1131 22325 0087546993



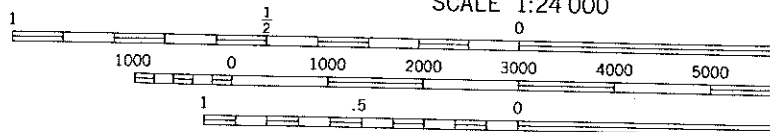
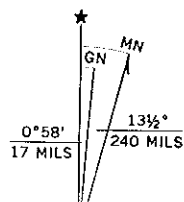
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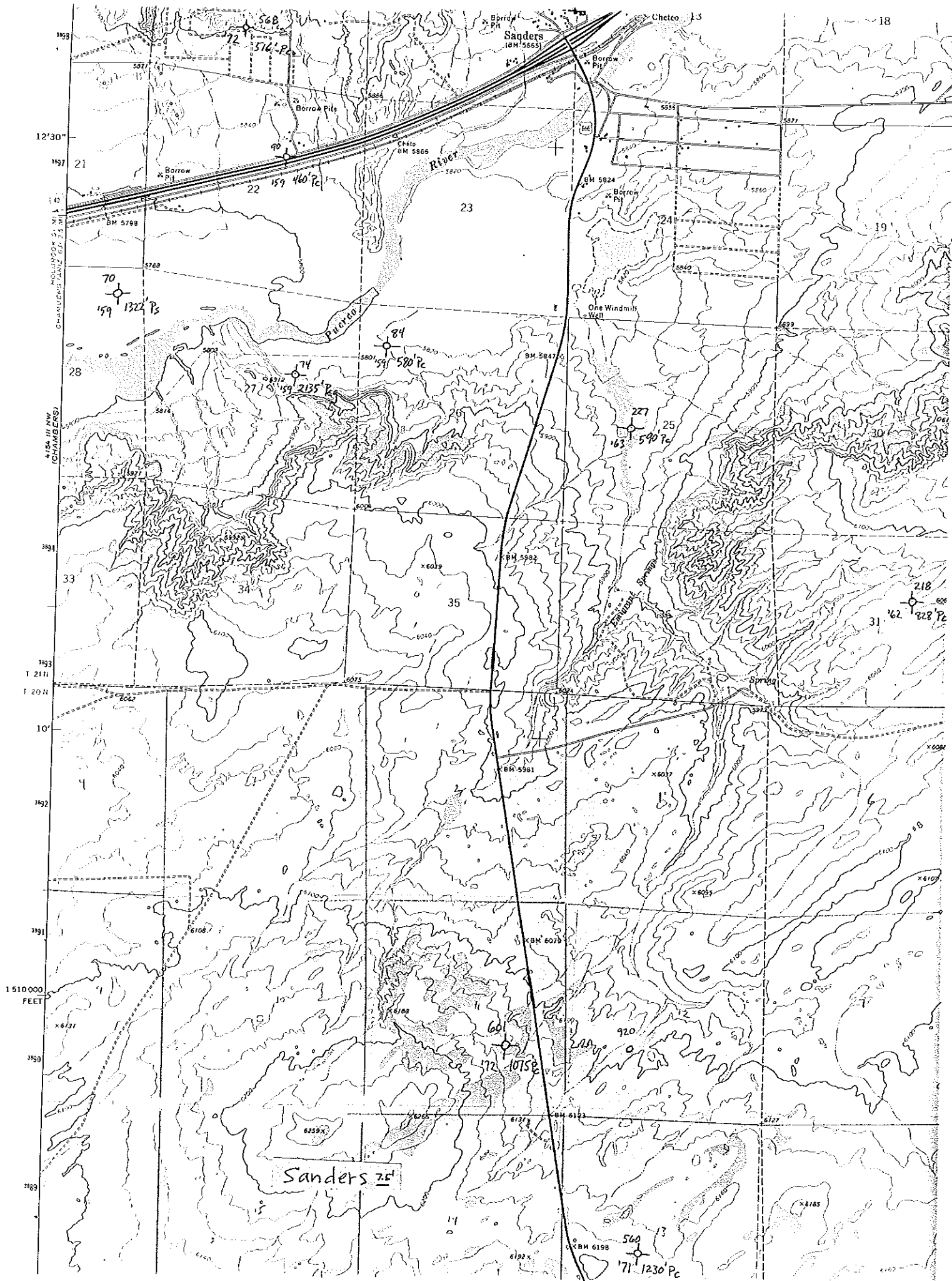
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KS,

atum



CONTOUR INTERVAL 20 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929



GRUY PETROLEUM MANAGEMENT CO

Operator: Gruy Petroleum Management Co

Bond Company: RLI Insurance Co

Bond No.: RLB0007431

Amount: \$25,000.00

Date of Bond: 7/13/2004

Date approved: 10/1/2004

Permits covered by this bond:

920

921



Gruy Petroleum Management Co.

5215 N. O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"

April 18, 2006

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

RE: Santa Fe Goodyear 12-11 ✓
Santa Fe Whispership 24-6

Dear Mr. Rauzi:

The referenced wells were drilled in late 2004 by Gruy Petroleum Management Co. as open hole Coconino helium. The Santa Fe Goodyear 12-11 was drilled to a total depth of 1025' and after perfing and treating with 80,000 SCF N₂, the well had a SITP and SICP of 16 psi. One gas sample was taken from the top of the Coconino which showed 7.225% He..

The Santa Fe Whispership was drilled to a total depth of 1213' and after perfing and treating with 80,000 SCF N₂ the well had a SITP and SICP of 0 psi. Four gas samples were taken with initial samples indicating approximately 9% He and subsequent samples indicating .027% He.

Reservoir pressure in both wells was not sufficient for commercial helium wells. Copies of the gas analysis are attached for your information.

If additional information is required or if you have any questions please feel free to call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris

Zeno Farris
Manager, Operations Administration
Permian Basin Region

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

September 6, 2005

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

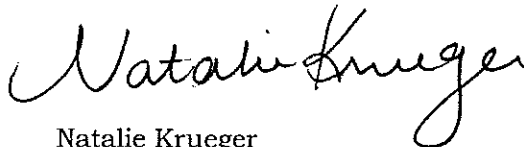
RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
Sec 12-T20N-R28E
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 10, Plugging Record, for the well mentioned above.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,



Natalie Krueger
Regulatory Tech

nkrueger@cimarex.com

V. 78, no. 153

920

Cimarex posts 43% rise in second-quarter earnings

CIMAREX ENERGY Co, Denver, reported results from operations for the quarter ended June 30, 2005. As previously reported (RMRR 6-8-05), the company completed the acquisition of Irving, Texas-based Magnum Hunter Resources Inc in June. Financial results for the second quarter of 2005 include results of operations from the acquired assets for 23 days. Expenses related to the merger recorded in the second quarter of 2005 totaled \$6.7 million, or \$4.3 million after-tax (\$0.08 per share). Cimarex also recorded a loss on derivative instruments related to the commodity swaps and collars assumed in the merger of \$2.0 million, or \$1.3 million after-tax (\$0.02 a share).

Including items related to the merger, net income for the second quarter of 2005 was \$52.5 million (\$0.98 per diluted share). That compares to second-quarter 2004 earnings of \$36.5 million (\$0.85 per share).

Revenues from oil and gas sales rose 60 percent in the second quarter of 2005, to \$185.0 million, compared to \$115.3 million in the same

period of 2004. Second-quarter 2005 cash flow from operations totaled \$132.7 million, versus \$84.5 million the year before.

For the first six months of 2005, Cimarex reported net income of \$95.8 million (\$1.98 a share), up from \$66.3 million (\$1.56 per share), for the comparable period of 2004. Oil and gas sales for the first half of 2005 totaled \$322.4 million, up from \$210.8 million the year before. Cash flow from operations increased to \$233.3 million from \$152.3 million a year earlier. The increases in oil and gas revenues, earnings and cash flow were due to higher oil and natural gas prices and record production volumes, the company said. The increase in production is attributable to the addition of Magnum Hunter operations during the second quarter and continued positive drilling results.

Production averaged 295 million cu ft of natural gas equivalent (MMcfge) daily during the second quarter of 2005, versus 220 MMcfge daily a year earlier.

Exploration and development (E&D) expenditures during the second quarter of 2005 totaled

\$141.0 million, up from \$81.6 million for the second quarter of 2004. Included in second-quarter 2005 expenditures was \$32.7 million incurred on Magnum Hunter properties during June. In the second quarter of 2005, the company participated in drilling 121 (gross) wells, with an overall success rate of 93 percent. On a net basis, 53 of 60 wells drilled during the second quarter were successful, Cimarex said.

E&D capital expenditures for the first six months of 2005 were \$233.7 million, up from \$150.2 million the year before. The company drilled 180 gross (96 net) wells during the first six months of 2005, realizing a success rate of 89 percent.

For the second half of 2005, Cimarex's E&D expenditures are projected to total approximately \$325 million. Together with first-half spending by Cimarex and Magnum Hunter, total combined 2005 E&D expenditures are projected at approximately \$700 million.

Cimarex's second-half 2005 aggregate production is expected to range from 475-490 MMcfge per day (77 percent natural gas).

920

PI/Dwights

Drilling Wire™

Rocky

Mountain



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you may e-mail well.data@ihsenergy.com, or
production.data@ihsenergy.com
Circulation/product delivery: 800-645-3282



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Cimarex closes acquisition of Magnum Hunter

CIMAREX ENERGY Co, Denver, has completed the previously announced (RMRR 1-27-05) acquisition of Irving, Texas-based Magnum Hunter Resources Inc. When originally disclosed, the transaction was valued at about \$2.1 billion, including \$645 million in Magnum Hunter debt.

As a result of the merger, Magnum Hunter will be a wholly owned subsidiary of Cimarex, and the combined organization will be based in Denver.

Magnum Hunter stockholders will receive 0.415 shares of Cimarex common stock in exchange for each share of Magnum Hunter common

stock. Cimarex will issue approximately 39.5 million common shares to Magnum Hunter stockholders and will then have approximately 81.3 million shares outstanding.

Upon closing Cimarex will have a market capitalization of approximately \$3.2 billion. Including debt, enterprise value exceeds \$3.7 billion. Year-end 2004 pro forma combined proved reserves total 1.5 trillion cu ft of natural gas equivalent (Tcfe), comprised of 67 percent natural gas. First-quarter 2005 pro forma combined production was 482.5 million cu ft of natural gas equivalent (MMcfe) per day. Cimarex will have approximately 600 employees.

Contents

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Utah	Section III
Arizona/Nevada	Section IV
Northern New Mexico.....	Section V

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

May 26, 2005

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

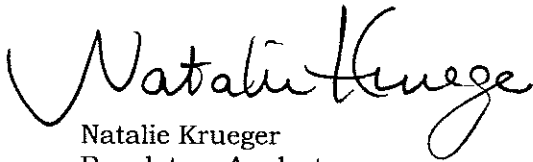
RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
Sec 12-T20N-R28E
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 9, Application to Plug and Abandon, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,



Natalie Krueger
Regulatory Analyst

nkrueger@magnumhunter.com

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

February 9, 2005

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

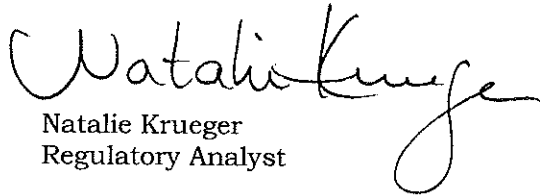
RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
Sec 12-T20N-R28E
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 25, Sundry Notice and Reports on Wells, for the above-mentioned well.

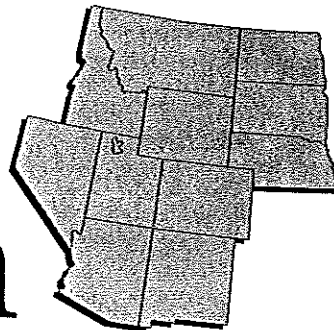
If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,


Natalie Krueger
Regulatory Analyst

nkrueger@magnumhunter.com

Rocky Mountain



920

Southeastern Edition

January 27, 2005 Volume 78 Number 19



Cimarex to acquire Magnum Hunter in \$1.5 billion stock deal

Company also to assume \$645 million of debt

CIMAREX ENERGY Co and Magnum Hunter Resources Inc have agreed to a plan of merger that provides for the acquisition by Cimarex of Irving, Texas-based Magnum Hunter. Cimarex, based in Denver, plans to retain an office in the Dallas/Fort Worth area and will integrate those operations with its activities conducted from Denver and Tulsa. Cimarex was created through the September 2002 combination of Helmerich & Payne Inc's oil and gas division with Key Production Co Inc.

Terms of the merger agreement provide that Magnum Hunter shareholders will receive 0.415 shares of Cimarex common stock for each share of Magnum Hunter common stock

owned. Based on the closing price of Cimarex common stock on January 25, the acquisition is valued at approximately \$1.5 billion. Including the assumption by Cimarex of Magnum Hunter's debt—which totaled \$645 million at year-end 2004—the total transaction value is approximately \$2.1 billion.

In addition to the merger consideration and prior to closing, Magnum Hunter plans to distribute a special dividend representing its 29.3 percent ownership interest in TEL Offshore Trust. The current market value of the trust units that Magnum Hunter owns is approximately \$15 million, which would equate to a dividend value of \$0.17 per Magnum Hunter share.

As of October 1, 2004, Magnum Hunter's internally estimated total proved reserves were approximately 1.0 trillion cu ft of natural gas equivalent (Tcfe) (61 percent natural gas and 72 percent proved developed). Those estimates were prepared using Securities and Exchange Commission guidelines using then-current prices and cost estimates together with the company's current drilling and development plan for proved non-producing and undeveloped locations.

Magnum Hunter's primary areas of operations include southeastern New Mexico (23 percent of reserves, 24 percent of production), other Permian Basin

(Continued on following page)

PI/Dwights

Drilling Wire™

Rocky Mountain



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Email: steve.trammel@ihsenergy.com

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you may e-mail well.data@ihsenergy.com, or
production.data@ihsenergy.com
Circulation/product delivery: 800-645-3282



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(Cimarex/Magnum Hunter, from preceding page)

(36 percent of reserves, 22 percent of production), the Mid-Continent (25 percent of reserves, 20 percent of production), the onshore Gulf Coast (eight percent of reserves, seven percent of production), and the shallow-water Gulf of Mexico (eight percent of reserves, 28 percent of production).

Late last year (RMRR 11-12-04, *This Week*), Magnum Hunter acquired oil and gas properties in the Permian Basin of West Texas from an undisclosed privately-held company for \$40 million.

Magnum Hunter put itself in play last October when it engaged Deutsche Bank Securities and Merrill Lynch & Co as financial advisors to assist it in investigating all possible alternatives available to the company for the enhancement of shareholder value.

Cimarex estimates that its year-end 2004 proved reserves totaled 449 billion cu ft of natural gas equivalent (Bcfe) (81 percent gas and 99 percent proved developed). Its operations are focused on the Mid-Continent and Gulf Coast areas of the U.S.

Commenting on the transaction, F.H. Merelli, chairman and chief

executive officer of Cimarex, said, "We saw in Magnum Hunter the clear opportunity to expand in our existing core areas and to add new projects, all without jeopardizing our strong financial position. Their properties provide a substantial footprint in the Permian Basin from which we can grow, measured exposure to high-potential projects in the Gulf of Mexico, and a nice overlap in some of our other areas of operations. The merger structure allows Cimarex to greatly expand its balanced-risk drilling program underpinned by a strong balance sheet. This is all about continuing to build a better company."

Gary C. Evans, president, chief executive officer and founder of Magnum Hunter, noted that the proposed terms of the transaction imply a purchase price of \$16.67 per Magnum Hunter share or a premium of 26 percent. With the additional contemplated distribution of TEL Offshore Trust units, the overall consideration implies a price of \$16.84 per share, Evans added.

The acquisition would triple

(Continued on Page 4)

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(Cimarex/Magnum Hunter, from Page 2)

Cimarex's proved reserves, double its production and extend its reserve life. In addition, it would establish the Permian Basin as a substantial core area and add highly complementary operations in the Mid-Continent and Gulf Coast areas as well as high-potential opportunities in the Gulf of Mexico (water depths less than 600 ft.

The acquisition is expected to be "meaningfully accretive" to per-share reserves, production and cash flow, Cimarex said.

Year-end 2004 proved reserves of the combined company, on a pro forma basis, were more than 1.3 Tcfe (68 percent gas and 83 percent proved developed). During the due diligence process conducted in connection with Magnum Hunter's review of strategic alternatives, Cimarex has formulated a preliminary drilling and development plan for Magnum Hunter's properties. Based on that plan and at the time of its announcement to acquire the company, Cimarex anticipates categorizing as total proved reserves approximately 900 Bcfe, of which 75 percent would be considered proved developed.

Pro forma combined fourth-

quarter 2004 estimated net production was about 480 million cu ft of natural gas equivalent (MMcfe) daily, of which approximately 23 percent was hedged. Pro forma combined full-year 2005 estimated production is projected at approximately 500 MMcfe per day, of which approximately 18 percent is currently subject to hedging agreements.

The reserve life index of 7.7 years is based on Cimarex's estimate of combined year-end 2004 proved reserves and fourth-quarter 2004 production.

Cimarex said there are a combined 925 identified future low-to-moderate risk drilling locations in the Permian Basin and Mid-Continent regions. In addition, the acquisition exposes Cimarex to higher-potential drilling projects in the Gulf Coast and Gulf of Mexico, the company said.

Combined, the two companies have budgeted more than \$600 million for exploration and development expenditures in 2005.

The merger is expected to be non-taxable to the shareholders of both companies. As a result of the merger transaction—and based on

the 87.1 million Magnum Hunter common shares currently outstanding—Cimarex expects to issue approximately 36.1 million common shares to Magnum Hunter's common stockholders. On that basis, it is anticipated that after closing, the combined company would have approximately 78 million basic shares outstanding and that Cimarex shareholders would own 53.6 percent and Magnum Hunter shareholders 46.4 percent.

Magnum Hunter also has approximately 7.2 million transferable common stock purchase warrants outstanding that expire March 21, 2005, and entitle the holders to purchase directly from Magnum Hunter one share of common stock for each warrant at a price of \$15.00 per share.

The merger agreement is subject to favorable votes by the shareholders of both companies, customary regulatory approvals and certain closing conditions. Upon completion of the transaction, one existing board member from Magnum Hunter will join the Cimarex board of directors. The merger transaction is expected to be completed during the second quarter.

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

December 14, 2004

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920
RECEIVED
DEC 15 2004

RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
Sec 12-T20N-R28E
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 25, Sundry Notice and Reports on Wells, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,

Natalie Krueger

Natalie Krueger
Regulatory Analyst

nkrueger@magnumhunter.com

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

December 8, 2004

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

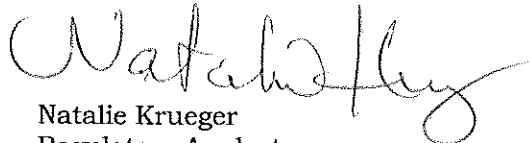
RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
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Apache Co, AZ

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If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,


Natalie Krueger
Regulatory Analyst

RECEIVED
DEC 14 2004

nkrueger@magnumhunter.com

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
469-420-2723 (phone)
469-420-2710 (fax)

Gruy Petroleum Management Co

December 10, 2004

Arizona Geological Survey
416 West Congress; Ste. 100
Tucson, AZ 85701
Attn: Mr. Steven Rauzi

920

RE: Santa Fe Goodyear 12-11
API: 02-001-20324
1670' FSL & 1670' FWL
Sec 12-T20N-R28E
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 4, Well Completion or Recompletion Report and Well Log, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,



Natalie Krueger
Regulatory Analyst

RECEIVED
DEC 13 2004

nkrueger@magnumhunter.com

V. 77, no. 215

920

Drilling Wire™

Rocky Mountain



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Gruy preparing to drill northeastern Arizona wildcat

MILAN, NEW MEXICO-BASED Stewart Brothers Drilling Co is moving in a rig to drill a wildcat for Gruy Petroleum Management Co on the Defiance Uplift in northeastern Arizona approximately 40 miles southwest of Gallup, New Mexico (RMRR 10-5-04).

The 24-6 Santa Fe-Whispership, ne sw 24-20n-28e, central Apache County, will be drilled to about 1300 ft for evaluation of Coconino (Permian) gas zones.

Gruy also has location staked for a second wildcat in the vicinity at the 12-11 Santa Fe-Goodyear, ne sw 12-20n-28e, projected to 1200 ft in Coconino.

The area is approximately six miles east-northeast of the aban-

doned Navajo Springs East field, which produced 96.1 million cu ft of gas from Shinarump (Triassic) and Coconino above 1500 ft.

Gruy is carrying out a shallow gas exploration and development program for its parent company, Irving, Texas-based Magnum Hunter Resources Inc, through a joint venture arrangement with CDX LLC and CDX Frontier LLC over an area of mutual interest (AMI) covering approximately six million acres in the southern San Juan Basin of New Mexico (RMRR 9-24-03). Magnum Hunter has a leasehold of 455,406 acres in Arizona with an option to acquire another 1.8 million acres in the state.

Utah state sale (continued from Page 1)

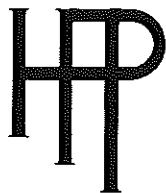
Wolverine's 17-1 Kings Meadow Ranches in se nw 17-23s-1w, a 700-bbl-per-day Navajo oil discovery. The latter well, which has produced over 100,000 bbls of oil since its completion in April 2004 (RMRR 10-18-04), is capable of producing about 2,500 bbls of oil daily, according to Wolverine.

The Grand Rapids, Michigan-based company characterizes the Navajo play as "a leading-edge thrust belt structure" that resembles the Absaroka Thrust. It's an estimated one-billion-bbl play, according to Wolverine, with its first closure alone containing between 75 million and

(Continued on Page 4)

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High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

November 3, 2004

Mr. Steven L. Rauzi
Oil and Gas Administrator
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

920

Re: Information on Magnum Hunter

Dear Steve,

As we discussed this morning, we learned from Ryder Scott's qualitative assessment of the oil and gas potential of New Mexico and Arizona Land Company's properties that Magnum Hunter has leased over 455,000 acres in Arizona, has 22 undrilled structures with helium potential in Apache County and plans to drill three (3) wells this year. To verify that information, Scott checked Magnum Hunter's website, and we verified everything except the number of wells. Copies of the information from Magnum Hunter's investor presentation are attached.

We may drive down to Florida and visit my mother this month, because LeBlanc has informed us that he has been unable to get a mudlogger for Holbrook Energy's Concho Dome well until mid-December, and Stewart Brothers won't have their bigger rig available until next month. That really works out well, because someone will be there while my sister is going to Phoenix to visit my nieces at Thanksgiving.

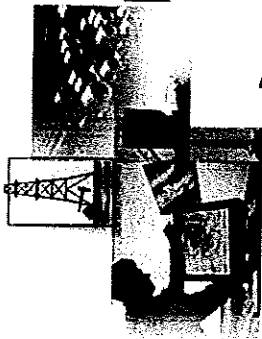
Have a good vacation and a Happy Thanksgiving!

Sincerely,

John Somers

High Plains Petroleum

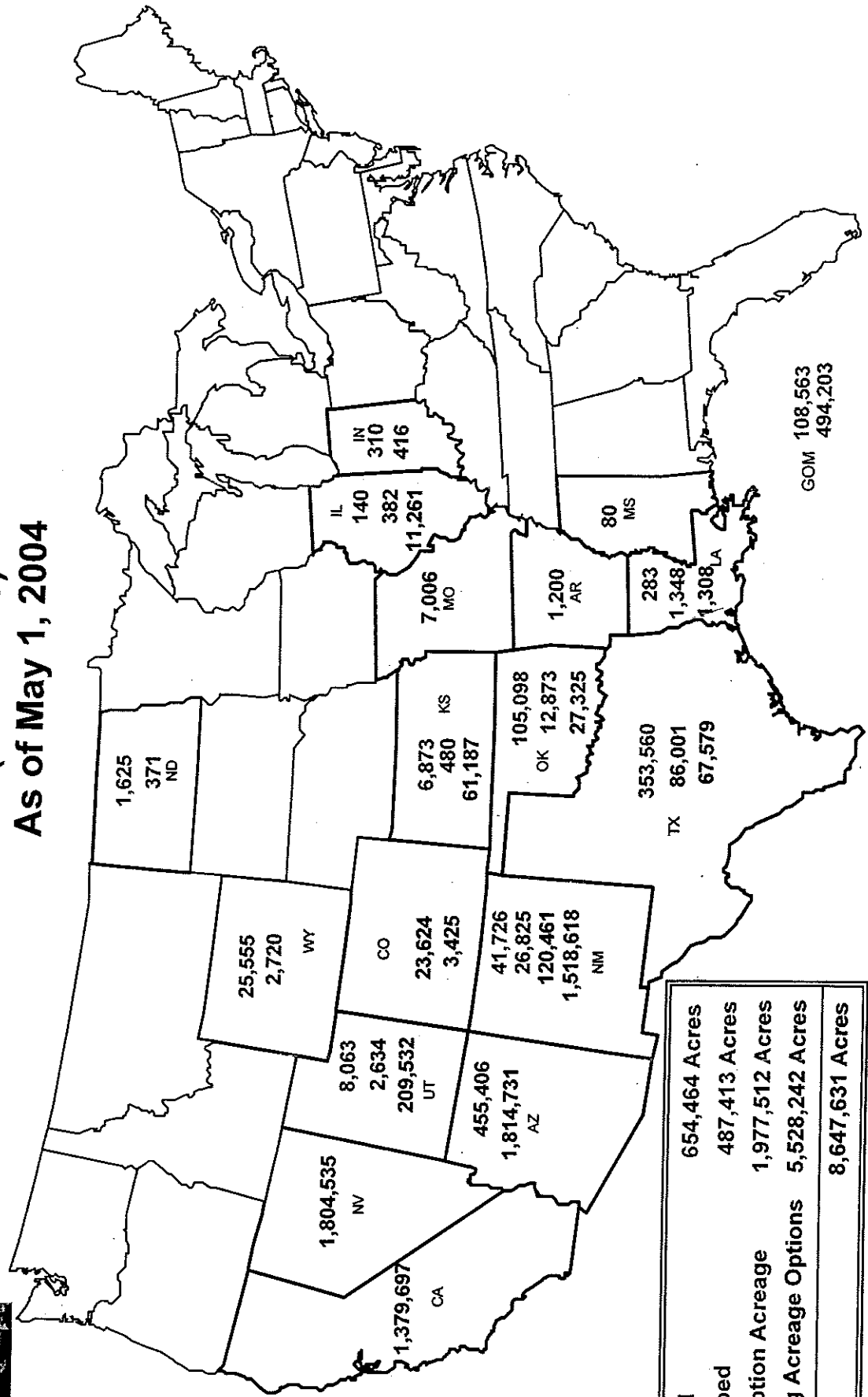
Attachments

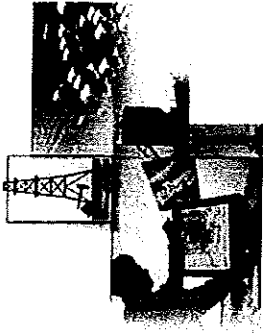


Mineral Leasehold Acreage Ownership Position

(Net Acres)

As of May 1, 2004





Frontier Regions

- **COALBED METHANE**
 - Chaco Menefee Area: Six Townships (216 sections): San-Juan and McKinley Counties, New Mexico
 - Rio Puerco Area: (50 sections): Bernalillo County New Mexico
 - Raton Basin- Morley Area: (16,000 acres) Las Animas County, Colorado and Colfax County, New Mexico
- **HELIUM PLAY - NORTHEASTERN ARIZONA**
 - Navajo Springs; East Navajo Springs: Apache County, Arizona- 1 BCF Helium potential
 - 22 additional undrilled leased structures updip from Helium shows- Apache County, Arizona
 - 2 new wells (100% W.I.) to be drilled in the 3rd Quarter
- **CO2 PLAY – NORTHEASTERN ARIZONA**
 - St John's anticline: (28 sections) Apache County, Arizona – Market – Food processing
- **GEOHERMAL- IMPERIAL VALLEY CALIFORNIA**
 - Salton Sea Unit - 5,867 potential geothermal acres

U. 77, no. 139

920

New exploration in store for northeastern Arizona

GRUY PETROLEUM Management Co has staked a pair of shallow wildcats targeting Coconino (Permian) gas on the Defiance Uplift in northeastern Arizona approximately 40 miles southwest of Gallup, New Mexico.

The central Apache County ventures are the 12-11 Santa Fe-Goodyear, ne sw 12-20n-28e, projected to 1200 ft, and—two miles to the south—the 24-6 Santa Fe-Whispership, ne sw 24-20n-28e, targeted to 1300 ft. Stewart Brothers Drilling Co, Milan, New Mexico, is under contract.

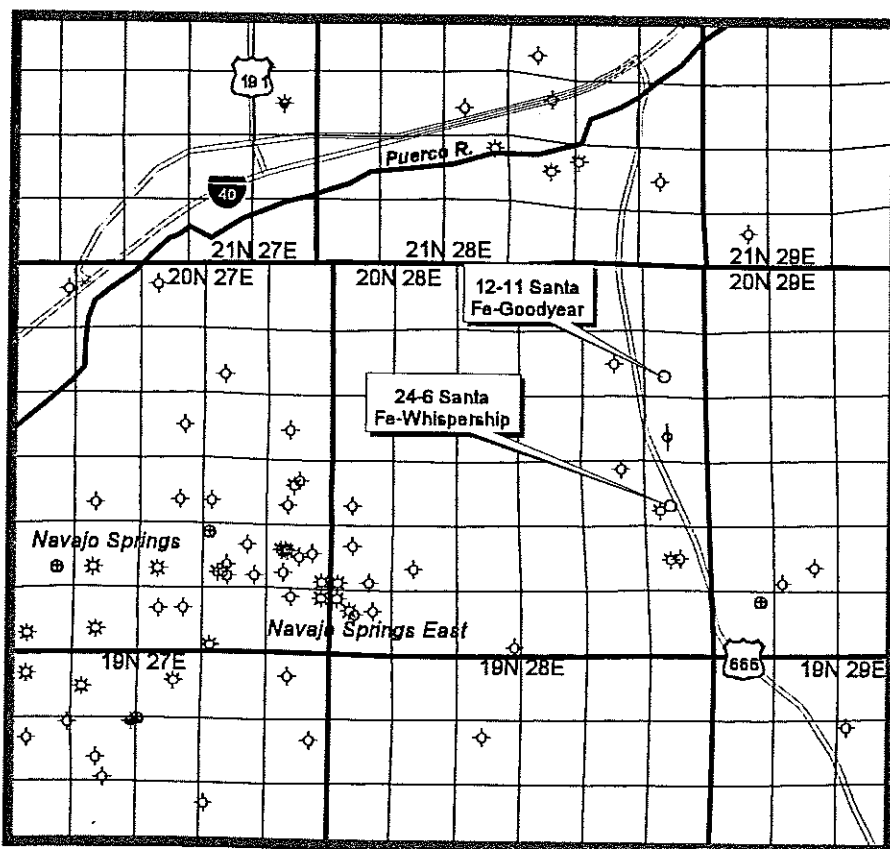
The area is approximately six miles east-northeast of the abandoned Navajo Springs East field, which produced 96.1 million cu ft of gas from Shinarump (Triassic) and Coconino above 1500 ft.

Gruy's 12-11 Santa Fe-Goodyear is about a mile north of a 1230-ft dry hole drilled in 1971 by Eastern Petroleum Corp at the 1 Kiva-Santa Fe in ne sw 13-20n-28e. At that wildcat, swab tests were conducted in an open-hole Coconino interval at 1186-1230 ft. Formation tops include Shinarump at 1040 ft and Coconino at 1174 ft, measured from a kelly bushing elevation of 6181 ft.

The 24-6 Santa Fe-Whispership is a twin to a 1230-ft dry hole, Eastern Petroleum Corp's 2 Kiva

State-Santa Fe, also in ne sw 24-20n-28e. That well, which was plugged in 1975, recovered an undisclosed amount of gas on flow tests of an open-hole Coconino interval at 1218-30 ft. Log tops include Chinle at 590 ft, Monitor Butte 950, Shinarump 1010, Moenkopi 1060 and Coconino at 1175 ft, measured from a 6169-ft kelly bushing elevation.

Gruy is carrying out a shallow gas exploration and development program for its parent company, Irving, Texas-based Magnum Hunter Resources Inc, through a joint venture arrangement with CDX LLC and CDX Frontier LLC over an area of mutual interest (AMI) covering approximately six million acres in the southern San Juan Basin of New Mexico (RMRR 9-24-03).

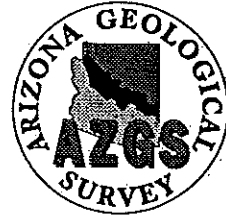




Janet Napolitano
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500
www.azgs.az.gov



Larry D. Fellows
Director and State Geologist

October 1, 2004

Mr. Zeno Farris
Gruy Petroleum Management Co
600 East Las Colinas Blvd Ste 1100
P O Box 140907
Irving TX 75014-0907

Re: Gruy Petroleum 12-11 Santa Fe Goodyear, Sec. 12-20n-28e, Apache Co., Permit 920
Gruy Petroleum 24-6 Santa Fe Whipsrhip, Sec. 24-20n-28e, Apache Co., Permit 921

Dear Mr. Farris:

I have enclosed approved applications to drill, performance bond; permits to drill 920 and 921, and filing-fee receipts 3125 and 3126.

The applications are approved on the condition that Gruy Petroleum conduct its operations in compliance with all applicable statutes and rules of the State of Arizona and that Gruy Petroleum or its designated representative *notify me at least 24 hours* before you:

- Move in drilling equipment and commence operations,
- Run and cement surface casing, and
- Nipple up and test the BOPE

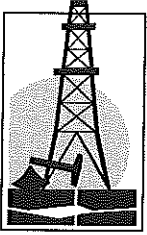
An operator shall post a sign at the well site pursuant to A.A.C. R12-7-106 and submit drilling samples and all other well data and information pursuant to A.A.C. R12-7-121. Several Sundry Notice forms are enclosed for your use in reporting all pertinent drilling and testing activity to the Oil and Gas Conservation Commission of the State of Arizona. Daily drilling reports shall detail the spud date, progress and status of the well and shall be submitted to the Commission on a weekly basis through the completion of operations.

Sincerely,

Steven L. Rauzi
Oil & Gas Administrator

Enclosures

c J. Dale Nations, Chairman, Oil and Gas Conservation Commission
Larry D. Fellows, Director and State Geologist



Gruy Petroleum Management Co.

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

A subsidiary of Magnum Hunter Resources, Inc. • A NYSE Listed Company • "MHR"

September 28, 2004

Arizona Geological Survey
416 West Congress Ste 100
Tucson AZ 85701
Attn: Mr. Steven Rauzi

Re: Santa Fe Goodyear 12-11
Santa Fe Whispership 24-6
All Sections 12 & 24 T20N-R28E, Apache County AZ

Dear Mr. Rauzi:

Enclosed are one (2) originals of Application for Permit to Drill for the referenced Coconino tests. We are also enclosing the following documents for your consideration:

1. Organization Report for Gruy Petroleum Management Co.
2. Arizona Blanket Bond in the amount of \$25,000.
3. Check No. 22099241 & 22099242 for \$25 payable to the Arizona Geological Survey.

If you have any questions, or require additional information, please feel free to contact the undersigned at 972-443-6489.

Sincerely,

Zeno Farris
Manager Operations, Administration

RECEIVED

SEP 29 2004